

BAYFRONT REDEVELOPMENT PROJECT AREA

Five Year Implementation Plan for Years 2000 - 2004

INTRODUCTION

The five-year Implementation Plan for the Bayfront Redevelopment is adopted to meet the requirements of Section 33490 of the Health and Safety Code. This plan is a flexible policy document and not a limitation on the Agency's activities in this project area.

BACKGROUND

The Original Bayfront Redevelopment Project, comprising 637 acres, was established in 1974. The project area was amended in 1998 to incorporate approximately 398 acres of Tidelands property within the jurisdiction of the San Diego Unified Port District. This project area, now encompasses property west of I-5 to San Diego Bay from State Route 54 to L Street. The Redevelopment Area boundaries are described on the attached map (Exhibit A). Historically, this area had a variety of land uses ranging from industrial to farming. Large sections of the project area, notably the Midbayfront and D Street Fill are undeveloped and lack infrastructure improvements. They also contain valuable wetland resources and provide access to the San Diego Bay.

Development of the Midbayfront has long been a major goal of the City. Early plans for this area were not approved by the California Coastal Commission. Subsequent plans, approved by the Commission, were the subject of litigation with the Sierra Club. Finally, in January 1993, a revised Local Coastal Plan (LCP) including substantial conservation and development of the Midbayfront was approved by the City and the Coastal Commission. The project was never realized because of number of factors which rendered the project infeasible. The Specific Plan and the Local Coastal Plan require extraordinary dedication of land, development of public improvements, and long-term mitigation monitoring which hinder the ability to economically develop the property. The Agency is presently negotiating for the development of the Midbayfront as a mixed use community consisting of residential, hotel, entertainment retail and office uses. If the project moves forward as planned, groundbreaking should occur in late 2000.

The original Redevelopment Plan had a duration of twenty-five years, which would have terminated in 1999. The Redevelopment Plan was amended in June 1998 to extend the life of the Plan to 2014 (the maximum allowed under State law), in addition to expanding the boundaries to incorporate the Tidelands properties.

The Implementation Plan is intended to be a flexible policy document to guide Agency activities over the next five years (2000 through 2004) and is not intended to

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represent a limitation on Agency activities. The programs/projects included in the Implementation Plan are those priority programs anticipated to be implemented during the next five years; however, they are not all of the programs/projects necessary to eliminate blight in the project area.

FINANCIAL CONDITION OF THE PROJECT AREA

Financial limitations have been established for the project area as follows: The Agency cannot incur debt within the original area beyond January 1, 2004 and June 23, 2018 in the added area. The amount of bonded indebtedness to be repaid in whole or in part with tax revenues, cannot exceed \$50 million at any one time. The maximum amount of tax revenue which may be allocated to the Agency is \$210 million over the life of the project area. The \$210 million can be used for debt service on bonded indebtedness in addition to operating expenses and affordable housing set aside.

BLIGHTING CONDITIONS

PRE-PLAN BLIGHTING CONDITIONS

When the project area was adopted in 1974, the reasons for the selection of the project area were the following:

- + The danger to the quality and quantity of the marine life due to uncontrolled development of a project area which contains such unique features as salt marshes and endangered wildlife species.
- + The decline in coastal environment, including recreation and aesthetic values, due to the uninterrupted water-related general industrial development in the South Bay area. Development of this nature is obviously contra-indicated due to the lack of deep water access.
- + The desire to create a modern urban commercial/recreational center for the City of Chula Vista where a range of activity from housing to recreation could take place and where a living and working environmental could exist for the use and enjoyment of the general public.
- + The existence of soil and groundwater contamination from hazardous materials that have depreciated property values and impaired investments and that can only be practically, economically remediated through the use of redevelopment powers.
- + The substantial existence of environmentally sensitive and degraded wetlands which require extraordinary land dedication, restoration, and long-term mitigation monitoring, all of which create a substantial burden on the economic

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- use of the properties and result in depreciated values and impaired investments.
- + The lack of public improvements and utilities, which combined with the blighting conditions listed above, creates a serious physical and economic burden on Chula Vista which cannot be alleviated practically by government or private activity without redevelopment powers.

In addition, the report on the redevelopment plan states:

"Because of the general industrial character of the South Bay, the project area represents one of the last opportunities to provide public-oriented bayfront uses in this area..."

PROGRESS IN ELIMINATING BLIGHTING CONDITIONS

Since adoption of the Plan in 1974, the Agency has worked to eliminate certain of these conditions through the following efforts:

- + Prepared a Midbayfront Development Plan in conjunction with the landowner/developer and regulatory agencies.
- + Prepared and processed a Local Coastal Plan through the California Coastal Commission and received certification in February 1993. The plan includes all of the City's coastal properties, including the Bayfront Redevelopment Project Area.
- + Planned and constructed the Nature Interpretive Center in cooperation with the Bayfront Conservancy Trust.
- + Acquired and cleared properties for redevelopment along Bay Boulevard and completed the following redevelopment projects:
 - North of F Street: Soup Exchange Restaurant
Anthony's Restaurant
El Torito Restaurant
Days Inn
 - South of F Street: Rohr Corporate Headquarters (now BF Goodrich)
Marina Gateway Industrial Project
- + Successfully relocated auto wrecking businesses from the project area.
- + Acquired property for the reconfiguration of the CalTrans I-805 southbound off-ramp which has been completed along with the widening of E Street, west of I-5.
- + Negotiated a three-party agreement with the San Diego Port District and BF Goodrich which will facilitate the consolidation and expansion of BF Goodrich's campus north of H Street; and the redevelopment of the campus south of H

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Street.

- + Entered into an Exclusive Negotiating Agreement for the development of the Midbayfront.
- + Amended the Bayfront Redevelopment Plan to extend the timeframes for redevelopment activities and to expand the project area to include the Tidelands Area.
- + Acquired dilapidated properties, demolished buildings and completed environmental clean up.
- + Developed Marina Park.
- + Assisted in the acquisition of the SDG&E generation facility and negotiated favorable tax terms for the City.

CURRENT BLIGHTING CONDITIONS

Despite the progress that has been made to date, existing blighting conditions in the project area are as follows:

- + The existence of soil and groundwater contamination from hazardous materials that have depreciated property values and impaired investments and that can only be practically and economically remediated through the use of redevelopment powers.
- + The substantial existence of environmentally sensitive and degraded wetlands which require extraordinary land dedication, restoration, and long-term mitigation monitoring, all of which create a substantial burden on the economic use of the properties and result in depreciated values and impaired investments.
- + The lack of public improvements and utilities, which combined with the blighting conditions listed above, creates a serious physical and economic burden on Chula Vista which cannot be alleviated practically by government or private activity without redevelopment powers.
- + Underdeveloped and blighted properties that have been unable to be redeveloped with private activity alone

SPECIFIC GOALS AND OBJECTIVES FOR THE PROJECT AREA

To address the conditions listed in II C above, the following goals are being pursued:

- + Stimulate Investment of the private sector in the full development of the Project Area.
- + Enhance depreciated property values and encourage private development by the elimination of the economic blight created by the existence of soil and

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- groundwater contamination in the Bayfront.
- + Provide for the enhancement and dedication of salt marshes, the inclusion of development buffers from sensitive habitat, and financial support for long-term mitigation programs in a manner which will not burden development to the point of infeasibility by negotiating disposition and development agreements with developers and by providing redevelopment-generated funding.
 - + Provide for the delivery of public improvements in the project area such as streets, trails, parks, and drainage facilities through the utilization of redevelopment-generated funding, thereby allowing for the elimination of the blighting burden of the existing inadequacy of such improvements and the obligation on the developer to unilaterally provide such improvements, thereby creating the opportunity for the orderly, desirable, and economically-viable redevelopment of the Bayfront.

PROGRAMS, PROJECTS AND EXPENDITURES PROPOSED FOR THE NEXT FIVE YEARS

Major programs and related expenditures proposed over the next five years are described below. Specific projects may be proposed under each program. These serve as examples of projects which may be undertaken by the Agency. However, other projects which meet the program requirements may also be pursued. The costs described are based upon anticipated tax increment cash flow over the next five years net of debt service and administrative costs.

DEVELOP THE MIDBAYFRONT

Since approval of the Local Coastal Program for the Chula Vista coastal areas, including the Bayfront Redevelopment Area, staff has been working to develop the Midbayfront property. Staff is currently negotiating with a developer for the Midbayfront.

The proposed project includes 650 hotel rooms, 1000 dwelling units, 170,000 square feet of entertainment/retail, 450,000 square feet of office, and park and open spaces uses. It also includes funding for the City's Nature Center. Groundbreaking is expected to begin in late 2000 and be complete by 2005.

Total staff costs are estimated at \$75,000. The developer will be reimbursing the City for consultant costs.

CLEAN UP CONTAMINATED PROPERTIES

The Agency owns several properties on the Bayfront with contaminated soils. Clean-up of these properties has been initiated and is almost complete. The Agency is

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overseeing all clean-up activities. Completion of clean-up work is expected to cost \$330,000, of which \$130,000 will be attributable to the Agency in staff and consultant costs.

FACILITATE THE REDEVELOPMENT OF PORT-OWNED PROPERTIES

The Port District has recently acquired the San Diego Gas and Electric plant and is in the process of acquiring the BF Goodrich campus south of H Street. In addition the Port controls the Tidelands properties that also have significant redevelopment potential. The Agency is interested in the redevelopment of these properties to a higher and better use. The Agency will be working with the Port District to prepare a vision for reuse and in selecting developers.

Estimated Staff and Consultant costs are estimated to be \$100,000.

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COMPLETE THE EXTENSION OF H STREET AND THE REALIGNMENT OF MARINA PARKWAY

The development of the Bayfront area is hindered by inadequate circulation. The extension of H Street will provide additional freeway access and will provide a direct link to the Tidelands properties. The realignment and completion of Marina Parkway to E Street will complete the circulation network on the Bayfront. Successful redevelopment of the Midbayfront property can not occur without the completion of Marina Parkway. The construction of these two roadways will be coordinated with the development of the BF Goodrich South campus and the Midbayfront.

Estimated staff costs are \$25,000.

ABANDONMENT OF THE CORONADO BRANCH RAIL

The Coronado Branch rail line presently bisects the entire length of the Bayfront creating an impediment to redevelopment of affected properties and vehicular and pedestrian circulation. Staff is working with the Port District, San Diego County, and property owners to facilitate the closure of this unused rail line.

Staff costs are estimated at \$20,000.

HOW GOALS, OBJECTIVES, PROGRAMS AND EXPENDITURES WILL ELIMINATE BLIGHT

The impact that goals, objectives, programs and expenditures will have towards the alleviation of blighting influences as noted in the Redevelopment Plan is described below and summarized in the attached matrix (Table 1).

GOALS AND OBJECTIVES

The goals and objectives, as stated in the Redevelopment Plan and in Section III above, will address blighting conditions caused by the existence of hazardous conditions, the extraordinary land dedication and long-term mitigation monitoring required by the existence of sensitive habitat, and the lack of public improvements in the Bayfront.

The goals and objectives support the creation of a modern urban center; a focal point with an identifiable image which compliments the downtown commercial district.

PROGRAMS

The specific programs and expenditures will eliminate blight as described below and summarized on the matrix attached as Table 1.

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Completion of Midbayfront Development Agreement

Staff is currently negotiating with a developer for the Midbayfront. The proposed project includes 650 hotel rooms, 1000 dwelling units, 170,000 square feet of entertainment/retail, 450,000 square feet of office, and park and open spaces uses. It also includes funding for the City's Nature Center. If successful, this development will eliminate economic blight by developing an underutilized property; facilitate the enhancement and dedication of sensitive habitat; and provide necessary public infrastructure and recreation area.

Cleanup of Contaminated Properties

At the time that the Bayfront Redevelopment Project was approved, it was not known whether any properties contained soil or groundwater contamination, and these issues were not specifically listed as blighting influences. Subsequently, the Agency has acquired a number of properties in the Midbayfront, three of which contain contaminated soils with possible impacts to the groundwater. Contamination must be addressed to comply with state regulations if these properties are to be redeveloped. Cleanup of these properties will address conditions caused by earlier uncontrolled development which create a danger to the quality of marine life and decline of the coastal environment. Clean-up of the properties is essential to eliminating the blighting effect of the depreciation of the subject property.

Facilitate the Redevelopment of Port-Owned Properties

The Port District has recently acquired the San Diego Gas and Electric plant and is in the process of acquiring the BF Goodrich campus south of H Street. . In addition the Port controls the Tidelands properties that also have significant redevelopment potential. The Agency is interested in attracting the private sector to redevelop these properties to a higher and better use. Redevelopment of the properties will enhance depreciated property values; allow for identification and clean-up of contaminated properties; remove physical blight; and facilitate the completion of necessary public improvements.

Complete the Extension of H Street and the Realignment of Marina Parkway

The development of the Bayfront area is hindered by inadequate circulation. The extension of H Street will provide an additional freeway access and will provide a direct link to the Tidelands properties. The realignment and completion of Marina Parkway to E Street will complete the circulation network on the Bayfront. Successful redevelopment of the Midbayfront property can not occur without the completion of Marina Parkway. The construction of these two roadways will enhance property values; facilitate redevelopment; and improve vehicular and pedestrian circulation.

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Abandonment of the Coronado Branch Rail

The Coronado Branch rail line presently bisects the entire length of the Bayfront creating an impediment to redevelopment of affected properties and vehicular and pedestrian circulation. Closure of this unused rail line will enhance the developability of the affected properties; allow for more cohesive planning; and improve vehicular and pedestrian circulation.

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EXPLANATION OF HOW THE GOALS, OBJECTIVES, PROJECTS AND EXPENDITURES WILL IMPLEMENT PROJECT HOUSING REQUIREMENTS

GOALS AND OBJECTIVES

The Bayfront Redevelopment Project was adopted prior to January 1, 1976, the effective date of Section 33413, thus the inclusionary housing provision of Sections 33413(b) do not apply to the Bayfront Redevelopment Project. The project contributes 20% of all tax increment generated to the low/moderate income housing fund which provides Agency assisted housing both within and outside of redevelopment areas. The Housing Implementation Plan section further describes housing goals, production and funding.

PROJECTS AND EXPENDITURES TO BE MADE DURING THE NEXT FIVE YEARS

- + Annual housing production goals have been established Citywide. See Citywide Housing Goals section.
- + Estimated number of low/moderate income housing units to be destroyed in Years 1-5:

None - There are no low/moderate income housing units within the Project Area.
- + Replacement Housing Site:

As part of the Midbayfront development, one thousand new housing units are proposed. The City's housing program requires that the developer provide 10% low/moderate income units (100 units) on or off-site. The developer has indicated a preference to provide these units on-site. The provision of these units will be a condition of development and stipulated in the Development Agreement.
- + Low/Moderate Housing Fund Expenditure Program:

The Bayfront Redevelopment Project redistributes 20% of the tax increments accruing from the Project Area to the Agency's Low/Moderate Income Housing Fund. Estimated deposits and expenditures are included in the Agency's Housing Plan, see the Housing Implementation Plan section.
- + Housing Production Plan

See the Housing Implementation Plan section.
- + Low/Moderate Income Housing Production Results

See the Housing Implementation Plan section.

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MIDTERM REVIEW AND RE-ADOPTION AND AMENDMENT OF THE IMPLEMENTATION PLAN

Adoption of the Implementation Plan shall not constitute an approval of any specific program, project, or expenditure and does not change the need to obtain any required approval of a specific program, project or expenditure from the Agency or community. The projects described in the Implementation Plan are examples of undertakings which will meet the goals and objectives of the Redevelopment Project. Other projects which meet program requirements may also be pursued by the Agency.

This is the second five-year Implementation Plan for the Bayfront Redevelopment Project. This plan will be reviewed by the Agency at least once within the five year term of the Plan. The review, including a noticed public hearing, will take place no earlier than two years and no later than three years after adoption of this Initial Plan. The Agency will hold a requisite public hearing and adopt a new Implementation Plan every five years from the date of adoption of the Initial Plan.

The Implementation Plan may be amended by the Agency at any time following a noticed public hearing.

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TABLE 1

SUMMARY OF REDEVELOPMENT PROGRAM INFLUENCE ON BLIGHT

The following chart indicates the blighting conditions identified in the Bayfront Redevelopment Project Area that will be affected by the proposed Redevelopment Programs.

BAYFRONT REDEVELOPMENT PROGRAMS	IDENTIFIED BLIGHTING CONDITIONS				
	UNDERDEVELOPED PROPERTY	BLIGHTED PROPERTY	SOIL/ GROUNDWATER CONTAMINATION	ECONOMIC BLIGHT DUE TO EXTRAORDINARY DEDICATION OR RESTORATION	LACK OF IMPROVEMENTS
Develop the Midbayfront	●★		★	★	★
Clean Up Contaminated Properties	●★		★		
Facilitate Redevelopment of Port-owned Properties	●★	★	★		★
Complete the Extension of H Street	●★	★			★
Complete the Realignment of Marina Parkway	●★	★			★
Remove Coronado Branch Rail	●★	★			

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TABLE 2
PROJECT AREA PROFILE

LAND AREA:	Approximately 637 acres (existing Redevelopment Area) Approximately 398 acres (amended Redevelopment Area)	
BOUNDARY:	The Project Area is bounded by Interstate 5 on the east, San Diego Bay on the west, State Route 54 to the north, and L Street to the south	
LAND USE:	Industrial	225 acres
	Commercial	66 acres
	Central Resort	40 acres
	Residential	18 acres
	Park	60 acres
	Marina	45 acres
	Public	18 acres
	Streets	50 acres
	National Wildlife	342 acres
	Refuge	
	Water	171 acres
	TOTAL	1,035 acres
DATE ADOPTED:	July 16, 1974	
DATE OF AMENDMENTS:	1 st Amendment	07/17/79
	2 nd Amendment	04/22/86
	3 rd Amendment	01/04/94
	4 th Amendment	11/08/94
	5 th Amendment	06/23/98
TERM LIMIT:	July 16, 2014	
TAX INCREMENT LIMIT:	\$210 million	
BONDED INDEBTEDNESS LIMIT:	\$50 million	
CURRENT TAX INCREMENT FLOW:	\$1,748,808 after Low-Mod Set-Aside*	

*SOURCE: City of Chula Vista Estimate of Tax Increment Flow, FY 1999-2000